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MULTIMEDIA UNIVERSITY STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

BAC4664 – INTERNAL AUDITING

(All sections / Groups)

1st JUNE 2018
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 5 pages excluding cover page with 5 Questions only.
2. Attempt all **FIVE** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

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QUESTION 1

The primary responsibility of external auditors is to report on the organisation's financial statements. The external auditors' aim is to determine whether the statements fairly present the financial position of the organisation and the result of its operations for the period.

Meanwhile, internal auditors furnish managers, throughout the organisation, with the information needed to effectively discharge the managers' responsibilities.

Required:

i. Discuss the six principal distinctions between the internal and external auditors.

(12 marks)

ii. Explain the four principles that are relevant to the internal auditing profession and practice which internal auditors are expected to apply.

(8 marks)

(Total: 20 marks)

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QUESTION 2

To ensure the true independence of the internal auditors, there must be a clear statement from the Board that internal auditors are not part of the management team. There should be four leadership roles in place to achieve excellent corporate integrity, ethics and independence in an organization.

Required:

i. Briefly explain the four leadership roles to achieve excellent corporate integrity, ethics and independence.

(4 marks)

ii. Define whistle blowing in accordance to Institute of Internal Auditing (IIA).

(2 marks)

The following are the various types of control:

- *Preventive controls*
- *Detective controls*
- *Corrective controls*

iii. Discuss each of the control stated above with examples.

(14 marks)

(Total: 20 marks)

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QUESTION 3

An audit committee consists of members of the board of directors of the organisation. Outside parties who are not shareholder-elected members of the board do not serve on audit committees as voting members. An audit committee may invite members of management or others to attend the committee's meetings. However, invited outside guests are not voting members.

Required:

i. Discuss ten significant responsibilities of audit committee.

(10 marks)

ii. Explain the importance of having an internal audit charter in an organization.

(10 marks)

(Total: 20 marks)

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QUESTION 4

You are the senior internal auditor of Tammy Sdn. Bhd. A new trainee has recently joined your firm. It is necessary for you to provide briefing to the trainee on audit process. Hence you have prepared the following briefing details however it is still incomplete.

"Planning and conducting the preliminary survey are the first steps in the audit process. The purpose of the survey is familiarisation. A good preliminary survey is likely to result in a good audit program. A good audit program is likely to result in a good audit. So an audit's success or failure may well depend in large part on the survey".

Required:

i. Complete the above briefing details by listing the seven major steps to conduct a preliminary survey.

(7 marks)

ii. Conducting successful interview is an important step in an audit process. Explain three steps of successful interview.

(6 marks)

iii. Briefly discuss the benefits of a well-constructed audit programme.

(7 marks)

(Total: 20 marks)

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QUESTION 5

Fieldwork is a systematic process of objectively gathering evidence about an entity's operations, evaluating it, and finding out whether those operations meet acceptable standards and providing information for management decisions.

Required:

i. Explain the purpose of audit fieldwork.

(2 marks)

ii. Discuss the ten elements of strategic plan to achieve the purpose of audit fieldwork.

(10 marks)

Audit evidence is the information that internal auditors obtain through observing conditions, interviewing people, and examining records. Audit evidence should provide a factual basis for audit opinions, conclusions, and recommendations.

iii. Explain the four categories of audit evidence gathered in order to attain the audit objective.

(8 marks)

(Total: 20 marks)

End of Paper.